



1401 H Street NW
Suite 600
Washington DC
20005-2164

Tel (202) 326-7300
Fax (202) 326-7333
www.usta.org

September 13, 2002

**SUMMARY OF
EX PARTE PRESENTATION**

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWA325
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-200, 95-116, 98-170 and NSD File No. L-00-72

Dear Ms. Dortch:

On September 12, 2002, Lawrence E. Sarjeant and I, on behalf of the United States Telecom Association (USTA), met with Eric Einhorn, Acting Chief, Diane Law Hsu, Acting Deputy Chief, and Paul Garnett of the Telecommunications Access Policy Division, Wireline Competition Bureau (collectively Commission Staff) regarding the above-referenced proceeding. The purpose of this meeting was to discuss USTA's position on proposals before the Commission on universal service contributions methodology. In accordance with Section 1.1206(b)(2) of the Commission's rules, this letter and the attached outline used during the meeting are being filed electronically with your office.

USTA identified and discussed the core policy principles in the attached outline, which guided its comments and reply comments in this proceeding. Based on its core policy principles, USTA reiterated its support for the SBC-BellSouth joint proposal, with certain qualifications. Specifically, USTA explained that Schools and Libraries (S&L) and Rural Health Care (RHC) should be supported through a separate fund and ultimately through tax revenue and that it is still assessing the allocation of units that should be assigned to various bandwidth services.

USTA addressed the statutory requirements of Section 254(d) of the Communications Act of 1934, as amended (Act), emphasizing the Commission's obligation to require "every telecommunications carrier that provides interstate telecommunications service" to contribute to universal service on an equitable and nondiscriminatory basis. USTA added that this section of the Act is unambiguous and does not provide the Commission with any discretion with regard to its interpretation.

USTA cited to specific problems with the proposals made by the Coalition for Sustainable Universal Service (CoSUS) and the State Members of the Federal-State Universal Service Joint Board (State Members). USTA noted that both proposals are legally deficient

because certain telecommunications carriers that provide interstate telecommunications services are excluded from contribution to universal service; that there is insufficient data to support either of the proposals; that the proposals disproportionately impact multi-line business customers, which could drive such customers off the public switched network; and that these proposals do not permit carriers to recover reasonable administrative costs associated with billing and collecting universal service, which would result in implicit subsidies of the universal service fund.

In discussing the lack of publicly available data with regard to the CoSUS and State Members' proposals, USTA emphasized that the Commission will need to consider adequate data on the record in order to validate potential impacts before adopting any universal service contributions plan. USTA suggested that it would be appropriate for the Commission to make a request for data relevant to the proposals under consideration. USTA noted that non-Regional Bell Operating Companies have particular concerns with respect to certain data requested by interexchange carriers (IXCs) from incumbent local exchange carriers (ILECs) because of potential competitive impacts.

USTA responded to issues raised by Commission Staff regarding the inclusion of universal service contributions by Internet service providers (ISPs) and wireless service providers. With regard to ISP contributions, USTA restated its position that ISPs should, in particular, contribute to a separate fund to support S&L and RHC because they directly benefit from the S&L universal service program. With respect to wireless telecommunications service providers, USTA stated that it sees nothing in Section 254 of the Act that would dictate different treatment of wireless providers than of any other interstate telecommunication service providers.

USTA stressed the critical need for universal service today and in the future, and also stressed the importance of the Commission taking its time, as necessary, to fully assess each proposal and supporting data in order to decide which proposal best sustains the universal service fund.

Please feel free to contact me if you have any questions.

Sincerely,

Robin E. Tuttle
Associate Counsel

Attachment

UNITED STATES TELECOM ASSOCIATION
CORE PRINCIPLES ON UNIVERSAL SERVICE CONTRIBUTIONS

- Universal service contributions should be assessed on a flat, per-connection contribution basis.
- Interexchange carriers should be assessed a per-connection contribution charge. Interstate carriers providing service to non-presubscribed customers should be assessed a contribution charge based on revenues.
- The contribution bases for all purposes funded by universal service mechanisms should be broadened to include all broadband service providers. All broadband service providers should be assessed in a similar manner.
- There should be a separate fund to support Schools and Libraries and Rural Health Care. The contribution base for this separate fund should be broadened to include ISPs, cable modem service providers, and all other broadband service providers. Ultimately, this fund should be supported by tax revenues.
- There should be parity in the contribution methodology among all telecommunications providers.